



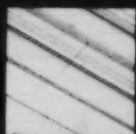
UNIVERSITY OF
SASKATCHEWAN



Emerging Stronger

2008/09 Annual Report





UNIVERSITY OF
SASKATCHEWAN

2008/09 Annual Report

Financial Services Division

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Planning and Progress: Emerging Stronger

With the adoption of *The Second Integrated Plan: Toward an Engaged University* in 2008-09, the University of Saskatchewan signalled its intention to continue to build on previous accomplishments, and its determination to pursue the path toward becoming one of the most distinguished universities in Canada, and in the world.

To achieve this goal, faculty, staff, students and other partners came together to make choices, to select from a range of alternatives in those interconnected areas of priority that have the greatest potential to advance the university. But while the three priority areas – improving the student experience, raising the profile of research, scholarly and artistic work, and creating a vibrant intellectual community by working together – will receive a concentration of time, energy and resources over the next four years, they do not exist in isolation.

A university is a complex environment and many valuable activities take place outside the priority areas. These activities will undoubtedly be positively influenced by the focus and energy brought to bear throughout the institution on its priorities and the 20 areas of commitment identified in the integrated plan. As innovation and new ways of thinking flow from the commitment areas across academic and non-academic boundaries, the result will be a truly integrated effort to continue to move the university toward its goals.

With only the first of four years completed in this planning cycle, significant progress has already been made in the priority areas despite an uncertain financial environment. The global economic downturn has been felt across campus, and there are financial issues to be addressed, but our robust planning process points us in a clear direction. We have made, and will continue to make, decisions that are right for our university today and for the future, decisions that will ensure we emerge from the current uncertain economic times in a stronger position.

We know what our priorities are – the student experience, research, scholarly and artistic work, and working together. And as we have seen over the past year, real progress is not only possible – it is already underway.



ART DUMONT, CHAIR, BOARD OF GOVERNORS

Guiding a Complex Institution Through Complex Times

Like most individuals and organizations, the University of Saskatchewan faced some complex, but not insurmountable, challenges this past year, largely due to the sharp downturn in the world economy. The Board of Governors' work during the year was centred on guiding a complex institution through complex times.

A lot of attention has been paid to the university's new integrated plan, which the board approved in May 2008, but just as important was the accompanying four-year budget framework. This document provides us with a financial road map leading toward fulfilment of the plan's aims and objectives. Although the roads developed more bumps and curves than expected in 2008-09, the board remains fully committed to the institutional priorities of improving the student experience, enhancing our research, scholarly and artistic work profile, and supporting collaboration across campus.

In addition to the integrated plan and the budget framework, our work was supplemented by a comprehensive evaluation of the impact of various financial scenarios on the university's operations. This unique initiative,

undertaken by senior administrators and staff, allowed us to assess risk and opportunity in various areas of operation, find short-term solutions and make decisions for the medium and long term that were informed but still moved the university toward its goals.

I want to express my appreciation to those who shared their views with us throughout the year, particularly during our annual information session with the public. As a board, we value the input we receive from the communities we serve.

While the financial future may be uncertain, the direction of the University of Saskatchewan is not. We will continue to make prudent, principled decisions that further the goals and aspirations of this fine institution.

PETER MACKINNON, PRESIDENT

'Question One'

In this time of global financial uncertainty, there are many questions being asked. How did this happen? Who is to blame? How do we protect ourselves? When will it end? All are worthy of careful consideration but for the University of Saskatchewan, we must first address what I call 'Question One': How do we emerge stronger?

If we simply ask survival questions, we will get survival answers. If we ask 'muddle through' questions, we will get 'muddle through' answers. It is imperative that we set our sights higher, that we plan for and take action that will ensure we emerge well-positioned in the post-secondary sector to attract the best students, faculty and staff, to do important and relevant work, and to make a difference in our province, our country and our world.

To emerge stronger, we will continue, as we have over the past year, to use our second integrated plan as our guide to ensuring our investments, both financial and human, further our goals. Everything we do must advance our institutional priorities of improving the student experience, enhancing our profile of research, scholarly and artistic work, and finding ways to work together for mutual benefit both on and off campus.

But simply following a plan will not be enough. Our ability to maintain, and even improve, our competitive advantage in the highly competitive post-secondary education sector hinges on honest assessment of the quality and impact of all that we do, and on accountability at all levels of the organization. Work has already begun on finding appropriate ways of measuring the value and impact of our programming, our services and our initiatives.

How do we emerge stronger? The road ahead will require courage but also commitment – to this university, to its mandate of transmitting the knowledge of today, discovering the knowledge of tomorrow, and putting knowledge to work in the service of our many communities within and beyond our province. Our strength lies in the dedicated employees, students, alumni and partners who have created the momentum on which we will build.





VERA PEZER, CHANCELLOR

Building Community Connections, Near and Far

For the University of Saskatchewan, relationships are critical, and the past year has been one that focused on strengthening connections with our external communities.

With the adoption of *The Second Integrated Plan: Toward an Engaged University* came a clear recognition of the value of outreach to various stakeholder groups, and the benefit of engaging those groups in the life and work of the University of Saskatchewan.

By creating opportunities for the university to share its messages, its plans, its priorities and its potential with external community, the institution reaps the reward of having clear lines of communication to alumni, donors, prospective students, business and industry. Those voices must be heard to ensure we are meeting both their needs and their expectations.

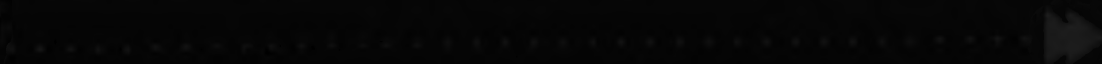
Leading the way in this regard is the work of the University of Saskatchewan Senate, particularly its Round Table on Outreach and Engagement. The collective wisdom of

senators from all walks of life is an invaluable resource for the university. The same can be said for our Regional Advisory Councils, which keep the institution connected to communities, large and small, across the province.

Having been elected Chancellor by U of S alumni, I take a particular interest in initiatives like the President's Tour, which fosters the kinds of personal connections with graduates that are so beneficial for the university. I feel privileged to be able to carry the university's message to alumni who do so much to support the institution.

This year has been one of reaching out and engaging individuals and groups with a particular interest in our university to ensure their experience with the U of S is both rich and enriching.

Year in Review



A New Term

The University of Saskatchewan Board of Governors approves the appointment of a third five-year term for President Peter MacKinnon. After becoming the university's eighth president in 1999, MacKinnon said his priorities would be improving the research capacity and performance of the institution, and ensuring its success in the competitive world of post-secondary education in Canada.

Historic Project

The Academic Health Sciences project receives additional support from the province, which allowed work to advance on both the D and E wing additions. All together, the construction and renovation makes Academic Health Sciences the largest building project in the history of the institution. The funding was acknowledged by President MacKinnon as a commitment for a first-rate centre in the province. When complete, the centre will bring together under one roof the Colleges of Medicine, Nursing, Dentistry and Pharmacy and Nutrition as well as the Schools of Physical Therapy and Public Health.

Commitment to Change

Commitment leaders are selected to lead the university's Second Integrated Plan - the guiding document for the institution's strategic directions over the next four years. The integrated plan contains 20 specific commitments, most in the priority areas of improving the student experience, raising the profile of research, scholarly and artistic work, and working together across boundaries.

2008



MAY



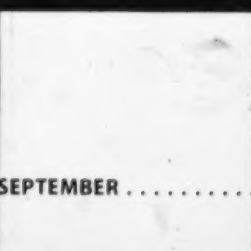
JUNE



JULY



AUGUST



SEPTEMBER



OCTOBER

Better Beer

The Crop Development Centre (CDC) continues to introduce new varieties of barley used in making some of the world's best beer. Brian Rossnagel, a CDC breeder with more than 80 varieties of barley to his name, works with companies like Sapporo Breweries in Japan to produce a fresher tasting beer with a better shelf life.

Policy Direction

A former provost and vice-president academic at the University of Saskatchewan, Michael Atkinson, is appointed executive director of the new Johnson-Shoyama Graduate School of Public Policy. As provost, Atkinson led the university through its first integrated planning process. Now, he is leading the first school jointly established by the University of Regina and the U of S.

The Future is Now

The future of computer technology begins as new classes are introduced in the Department of Computer Science. The joint initiative between the Saskatchewan Interactive Media Association (SaskInteractive) and the university aims to prepare students for the new generation of video games and information technology. Eric Neufeld, department head, said students learn how to create games for the likes of X-Box 360 and Nintendo Wii, and computer animation programs like those used by Dreamworks.

Class Options

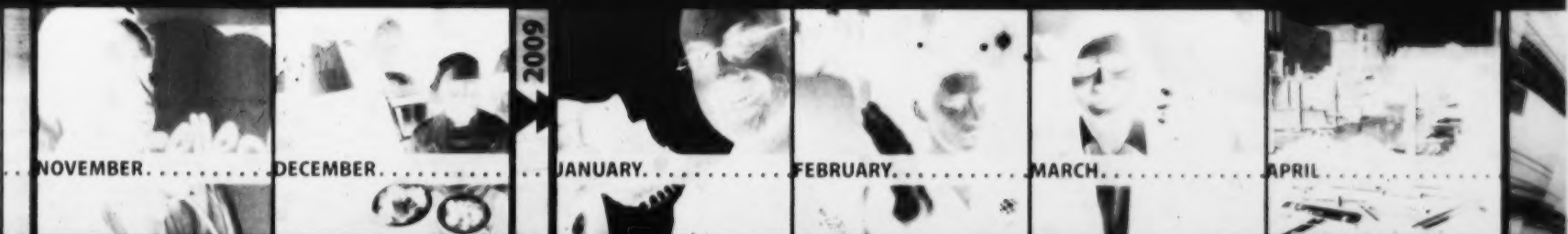
At the launch of the Wilson Centre for Entrepreneurial Excellence, alumnus W. Brett Wilson said, only half jokingly, that he'd like to see three classes taught to all U of S students – marketing, because “you need to market to be successful”, psychology, “so you can understand a few things about your parents and a few things about marketing”, and the third and most appropriate class, entrepreneurship. Wilson donated \$1 million towards the new centre housed in the Edwards School of Business.

Science Fiction

One of the country's most famous science fiction writers, Robert J. Sawyer, is appointed as writer-in-residence at one of the country's premier research facilities, the Canadian Light Source (CLS) synchrotron. Sawyer, the author of 20 science fiction novels, is the only Canadian to win all three of the world's top science fiction awards – the Hugo Award, the Nebula Award and the John W. Campbell Memorial Award. During his stay in Saskatoon, beginning June 1, Sawyer will spend time working on his own projects and helping other writers.

The Wilson Story

The work of historian Valerie Korinek is featured in the film *Stubblejumper*, the story of U of S student Doug Wilson, who she describes in the movie as the most openly gay person in Saskatchewan between 1975 and 1983. Korinek is working on a book entitled *Prairie Fairies: A History of Gay and Lesbian Community Formation 1945-1990*.



Dinner is Served

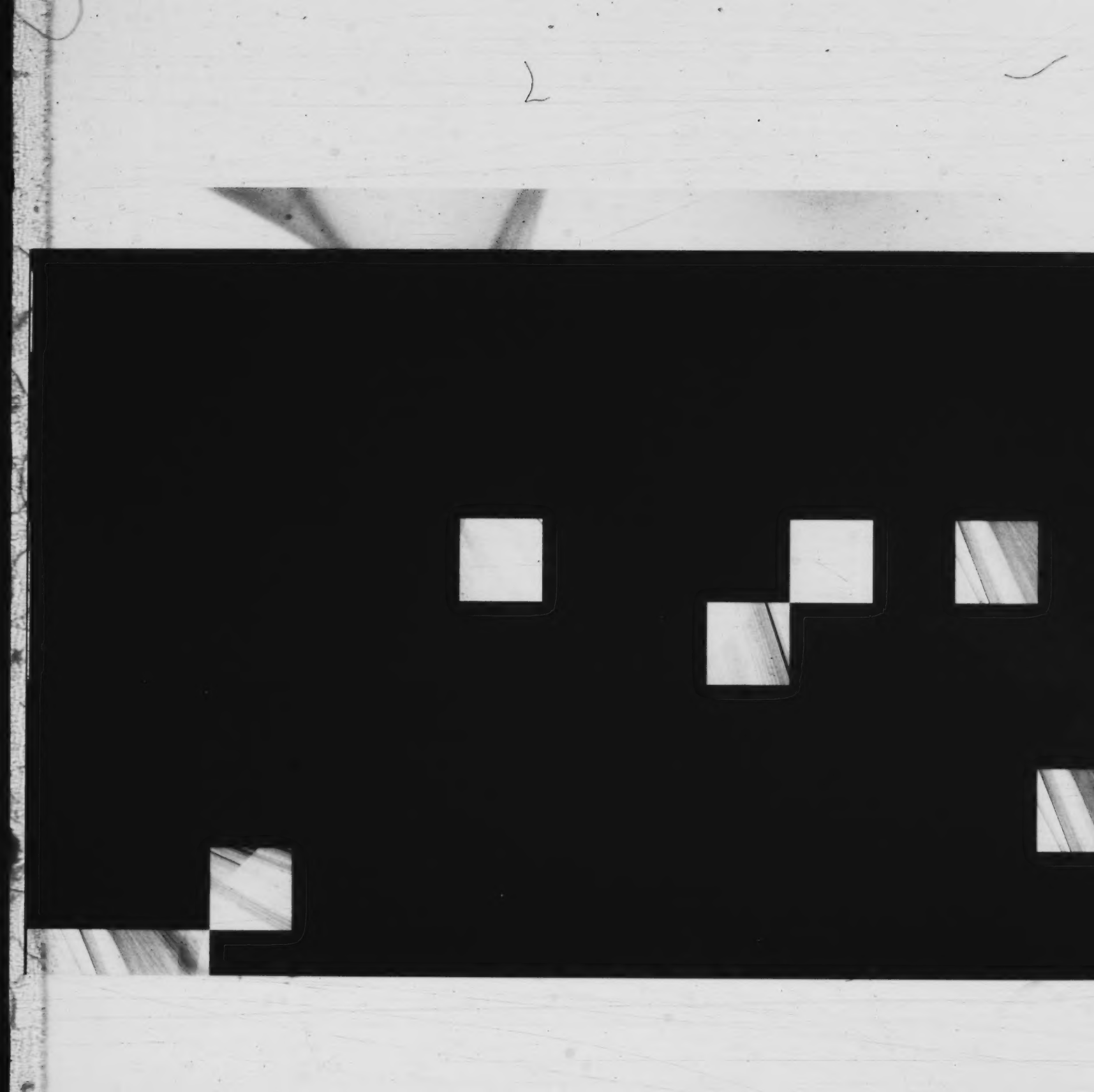
Changes to the food services on campus result in a big improvement to the quality and satisfaction of what people are eating in Marquis Hall. A survey of U of S residence students showed a 60 per cent increase in the overall rating of Marquis Hall food compared to a similar survey earlier in the spring of 2008. The major changes made were food prep stations by journeyman cooks and a greater focus on variety, freshness and vegetarian offerings.

Building Beds

The university receives funding from the province to build new student residence space along Cumberland Ave. The first residence space built in 30 years will add about 400 additional beds to the university's inventory. The multi-building construction project is scheduled to begin later in 2009 with occupancy for students expected in 2011. Shannon Dyck, USSU vice-president of student issues and the author of a report on student housing, was one of many advocates for more residence space on campus.

Centre Update

Renovations to the Place Riel Student Centre, the hub of student activity on campus, begin after approval from the University of Saskatchewan Board of Governors. The renovations will create about 3,200 sq m of office and meeting space in the building and will include a new four-storey addition. Construction on the project is slated for completion in the fall of 2010.



Management Discussion and Analysis

Investment Market Downturn: Implications and University Response

In 2008/09, the world economy and global financial markets experienced a set of events unprecedented in the post-war era. Initially triggered by a decline in the United States housing market, global credit markets collapsed, equity markets declined by over 40%, and oil prices plummeted from \$145 a barrel to less than \$40 a barrel – all within a span of six months that began in late September 2008.

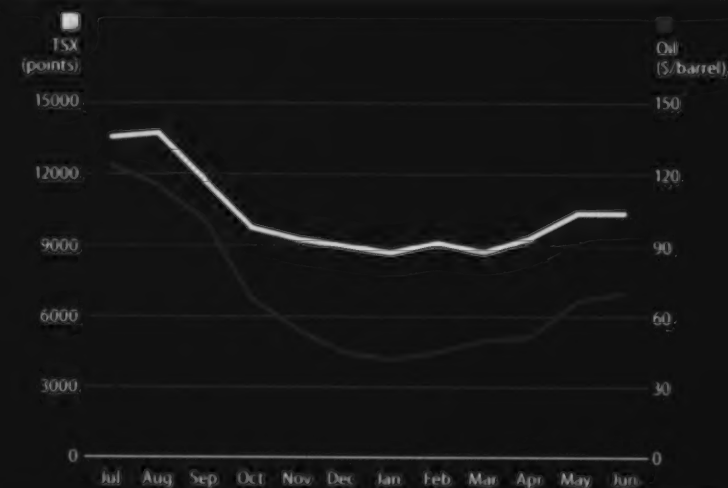
Although somewhat protected from the financial turmoil, the University of Saskatchewan was not immune from the effects of the economic crisis. There are three key areas of our operations that are heavily reliant on a certain level of investment income return, including:

1. operating income,
2. endowment revenue, and
3. defined benefit pension plans.

Changes to the TSX affect the university's investment income, while changes to oil prices are a predictor of provincial economic health with ramifications for provincial funding to the U of S. The chart displays the variability in these factors during the year.

TSX versus Crude Oil

Jul 2008 – Jun 2009



Source: globinvestor.com

Scenario Analysis

To assess the potential impact of the economic crisis on these and other areas of our operation, the university undertook a comprehensive scenario analysis. The process built on and augmented existing strategy, budget planning and risk management processes to guide the university in these uncertain times.

Based on analysis of historical data and trends, and consultation with internal and external advisors, four different scenarios describing alternative views of the economic future were developed.

We analyzed the financial impact of each scenario on seven areas: operating budget, pensions, endowments and trusts, capital construction, research, fundraising, and key financial metrics (including liquidity and debt capacity).

Key Findings

The assessment demonstrated that the largest and most immediate future risks for the University of Saskatchewan are in two areas: pensions and the operating budget. But it also revealed some opportunity, particularly with regards to capital construction. The analysis revealed potential annual payment requirements to our defined benefit pension plans ranging from \$10 million to, as high as \$40 million. A key finding was that, even under the best-case scenario, the pension problem would not solve itself.

Welcome news was recently received from the Province of Saskatchewan which will serve to alleviate the estimated annual pension payment requirements, at least in the short term. For defined benefit plans, there are two funding tests for plan sponsors: going-concern funding valuation which is based on a long-term view of plan assets and obligations; and the solvency funding valuation which is based on the assumption that plans will wind up and obligations accrued to date would need to be funded based on the long-term bond rate.

Implications for Pension Payments – Solvency Relief

The May 2009 provincial decision to approve a three-year solvency payment moratorium is estimated to reduce annual payments by about half from what they otherwise would have been. The significance of this decision cannot be overstated, but given current projections of investment earnings, the university will still need to address the financial challenge of meeting going-concern payment requirements of about \$9 million to \$14 million.

Although estimated additional pension payments for at least one of the pension plans are not required until January 1, 2011, the scenario analysis allowed the university to crystallize the issue early on. A team was assembled and they have been documenting the situation, analyzing potential levers and investigating solutions. A major report outlining the findings of the pension strategy team was presented to the Board of Governors for consideration at its June 2009 meeting.

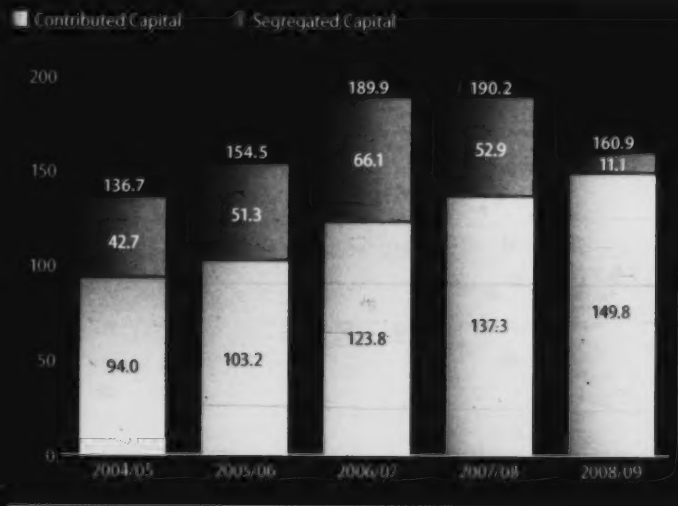
Implications for Endowments

As an outcome of our scenario analysis, at an aggregate level, our endowments were shown to be solvent in most scenarios. However, certain individual endowments that were recently established have dropped below the level contributed by donors, resulting in an "underwater capital deficit." The extent of the problem was evaluated mid-year (when investment returns were negative by "only" 8.6%), and colleges were requested to fund underwater deficits from other college sources. In response, approximately \$2.3 million was transferred from "spendable" and unrestricted funds to endowed funds. Investment earnings on endowment funds continued to deteriorate during the year, resulting in total investment losses of 17.3%, and a deepening problem for underwater capital deficits.

In addition to the \$2.3 million provided by college funds, the board approved an allocation from Operating Funds of \$2 million to assist with program continuity in strategic areas supported by endowment funds like financial aid and research salaries. Management will continue to monitor the status of individual endowments and will reassess the annual spending policy during 2009/10.

Endowment Fund Balance

5-Year Period, 2004/05 – 2008/09 (5 millions)





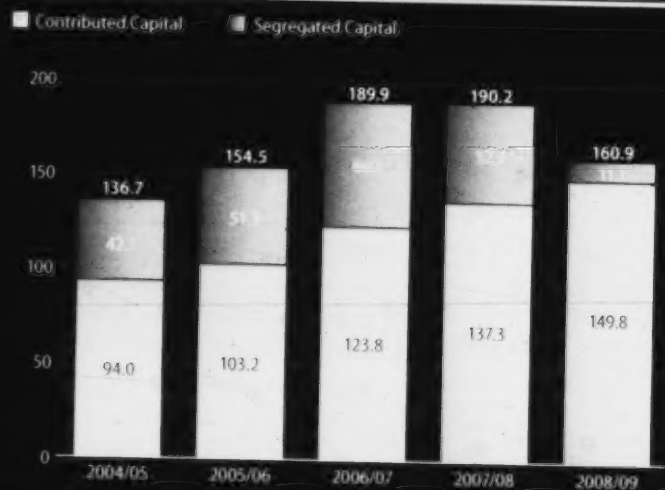
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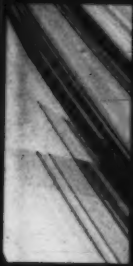
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Endowment Fund Balance

5-Year Period, 2004/05 - 2008/09 (\$ millions)





Implications for Operating Budget

The operating budget was also highly sensitive to the choice of scenario, with a forecast annual deficit ranging from nearly zero to over \$35 million annually. This projected deficit is driven primarily by a potential gap between the growth in salaries and the growth in the provincial grant, and also by projected investment returns. The implication for the university is that we need to continue to monitor our salary settlements very closely, and be prepared for a \$10 million adjustment shortfall to our operating budget through some combination of investment income downturn, imbalance between provincial grant and salary settlements and finally, the need to plan for additional pension payment contributions.



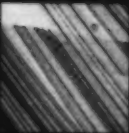
2009/10 – 2010/11 Budget Measures Requirement

As an outcome of the scenario analysis, management recognized the need to reduce reliance on the operating budget by \$10 million by 2010/11. A budget measures task force was assembled during the year to identify the options for meeting the \$10 million target, and to identify variable targets for individual colleges and administrative units.

The specific targets and measures were based on the protection of strategic priority areas, and consideration was given to implications for programs and for support to students. Each of the colleges/units impacted by the reduction target requirement was asked to submit a budget plan by June 30, 2009, and identify the specific budgetary actions needed to achieve its financial target.

As noted in the opening paragraphs, the scenario analysis demonstrated that the university had significant opportunities in the area of capital construction, with potential benefits from federal and provincial stimulus packages. Identification of these potential benefits early on meant we were better prepared when stimulus programs such as the Government of Canada's Knowledge Infrastructure Program (KIP) were announced.

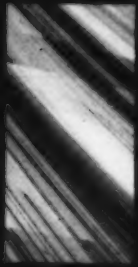
Emerging Stronger Through Budget Planning



The scenario analysis process undertaken during 2008/09 allowed the university to emerge stronger during this period of great financial uncertainty. The areas of risk were identified and quantified, informing the budget process and creating a basis for further action.

Proactive measures were taken: the 2009/10 detailed operating budget was approved at the start of the year, with specific college/unit targets quantified in order to achieve the \$10 million reduction by 2010/11 (with 50% of the budget measures required in 2009/10).

Vital funding support was provided to our endowments to protect annual spending supported by those funds, and a pension strategy document has been prepared for consideration and implementation.



Other Measures

In addition to the scenario analysis, several other initiatives were undertaken during 2008/09 to strengthen the financial position of the university and to promote responsible stewardship.

Building on the May 2008 approval of the university's second integrated plan, during 2008/09 considerable energy was directed to ensure advancements in all 20 of the commitment areas, including the Financial Resources Commitment. This commitment is focused in three broad areas:

1. Improving the management of our resources and implementing a revised resource allocation model;
 2. Improving our internal control environment; and
 3. Enhancing transparency.
- 



Building Our Infrastructure

Growth in assets by 25%, to \$1.741 billion, over the past four years, with 10% growth in 2008/09, mirrors the construction activity on campus. Current year growth of \$135 million includes work-in-progress activity and infrastructure expenditures of \$91 million for projects including Academic Health Sciences (\$29.5 million), InterVac (\$37.5 million), and the Western College of Veterinary Medicine (\$11.9 million).



Long-term investment growth is also related to capital. Current year growth includes \$100 million additional provincial funding received for the Academic Health Science project, partially offset by the impact of the investment market downturn.

The strength of our balance sheet is also evident on a review of liabilities and fund balances. Unprecedented capital expansion has been accomplished with a minimal increase of \$7 million in loans and long-term debt, to \$44 million. The scenario analysis completed in 2008/09 included a thorough review of our liquidity and debt capacity revealing that under any scenario, this is an area of strength. Liquidity is utilized internally by way of internal loans extended to colleges and administrative units.

Through this mechanism, the cost of financing is minimized for operating units, and the interest that is assessed centrally provides a means of diversifying the investment asset mix and stabilizing investment flows to the operating fund. At April 30, 2009, total internal loans outstanding were \$16.3 million.

The strength of liquidity is also used to provide seed money for capital projects, allowing the university to take advantage of opportunities in advance of all financing having been secured. At April 30, 2009, the total of all major project capital deficits was \$38.5 million. Within the university's financial statements, these deficits are offset by funds available in other major projects.



Financial Highlights

Summary of Financial Position

4-Year Period, 2006 - 2009 (\$ thousands)

	2009	2008	2007	2006
Assets				
(Bank indebtedness) Cash	\$ (212)	\$ 10,412	\$ 39,995	\$ 28,655
Accounts receivable (including long-term)	162,153	153,108	93,850	108,272
Long-term investments	623,583	562,351	556,516	506,531
Pension and long-term disability plan	27,965	52,130	47,513	58,173
Capital assets	909,331	811,091	745,847	673,374
All other	18,107	16,910	16,680	16,306
Total Assets	\$ 1,740,927	\$ 1,606,002	\$ 1,500,401	\$ 1,391,311
Liabilities and Fund Balances				
Accounts payable and accrued liabilities	\$ 61,025	\$ 52,940	\$ 68,546	\$ 51,160
Employee benefit liabilities	13,289	13,080	12,570	13,809
Unearned fees and deferred revenue	19,177	15,989	9,890	8,262
Loans and long-term debt	43,818	36,849	30,939	27,433
Other liabilities	3,769	2,830	2,696	2,567
	141,078	121,688	124,641	103,231
Fund balances - externally restricted	482,274	474,250	413,077	399,305
Fund balances - internally restricted	245,666	235,535	244,884	238,008
Invested in capital assets	862,882	771,626	712,468	644,061
Unrestricted	9,027	2,903	5,331	6,706
Total Fund Balances	1,599,849	1,484,314	1,375,760	1,288,080
Total Liabilities and Fund Balances	\$ 1,740,927	\$ 1,606,002	\$ 1,500,401	\$ 1,391,311

Building Our Capacity

The university's fund balance – "net worth" – has increased by \$115.6 million from the prior year, with an increase in restricted funds of \$18.2 million, and an increase in unrestricted funds of \$6.1 million. The balance of the increase is represented by our investment in capital assets, which have increased by \$91.2 million. Although the overall change in restricted funds is fairly minor, there has been a huge shift in results on a fund basis.

Consolidated Statement of Operations and Changes in Fund Balance

For the Year Ended April 30, 2009 (\$ millions)

Fund	Revenue	Expenditure	Interfund Transfer	Net increase (decrease)	Fund Balance	
					April 2008	April 2009
General						
Operating	\$ 477.4	\$ 463.1	\$ (8.9)	\$ 5.4	\$ 188.3	\$ 193.7
Ancillary	39.1	31.6	(5.6)	1.9	(3.6)	(1.7)
Restricted						
Capital	126.0	61.6	104.1	168.5	840.0	1,008.5
Research	170.6	99.8	(100.5)	(29.7)	241.9	212.2
Student Financial Aid	4.7	15.3	9.4	(1.2)	27.5	26.3
Endowment	(10.8)		1.5	(29.3)	190.2	160.9
	\$ 787.0	\$ 671.4	\$	\$ 115.6	\$ 1,454.3	\$ 1,569.9

Fund balances are a result of prior year's opening balance position and driven by the current year's activity.

This table provides an overview of the revenues, expenses and fund balances (net assets) for the year by major fund category.

Financial Highlights

Summary of Financial Operating Results

4-Year Period, 2006 – 2009 (\$ thousands)

	2009	2008	2007	2006
Revenue				
Grants and contracts – Government of Saskatchewan	\$ 444,920	\$ 314,929	\$ 302,211	\$ 155,588
Student fees	90,627	89,216	87,990	86,805
Sales of services, products and other	85,908	79,844	79,092	85,279
Grants and contracts – Government of Canada	84,430	74,863	68,228	63,592
Other government and other grants	69,000	99,089	50,672	60,014
Investment (loss) income	(21,664)	6,753	43,415	21,669
Gifts, grants and bequests	20,529	37,767	29,223	17,697
Other income	13,232	8,111	8,432	9,217
Total revenue	\$ 786,982	\$ 710,372	\$ 669,261	\$ 699,861
Expenses				
Salaries and employee benefits	\$ 429,329	\$ 372,185	\$ 371,376	\$ 320,355
Operational supplies and expenses	80,975	82,114	69,012	67,058
Cost of goods sold, equipment maintenance, rental, travel and other	57,876	46,421	43,161	34,923
Scholarships, bursaries and prizes	27,209	26,333	25,938	24,823
Utilities	20,381	20,192	20,326	20,635
Amortization	55,672	53,238	51,770	49,445
Total expenses	\$ 671,447	\$ 600,483	\$ 581,583	\$ 517,239

Revenue Highlights

Revenue has increased by \$76.4 million, or 10.8%, over the prior year. The increase, driven primarily by Government of Saskatchewan revenue, was partially offset by a decrease in investment revenue from the prior year of \$28.4 million reflected in the investment loss for the year of \$21.7 million.

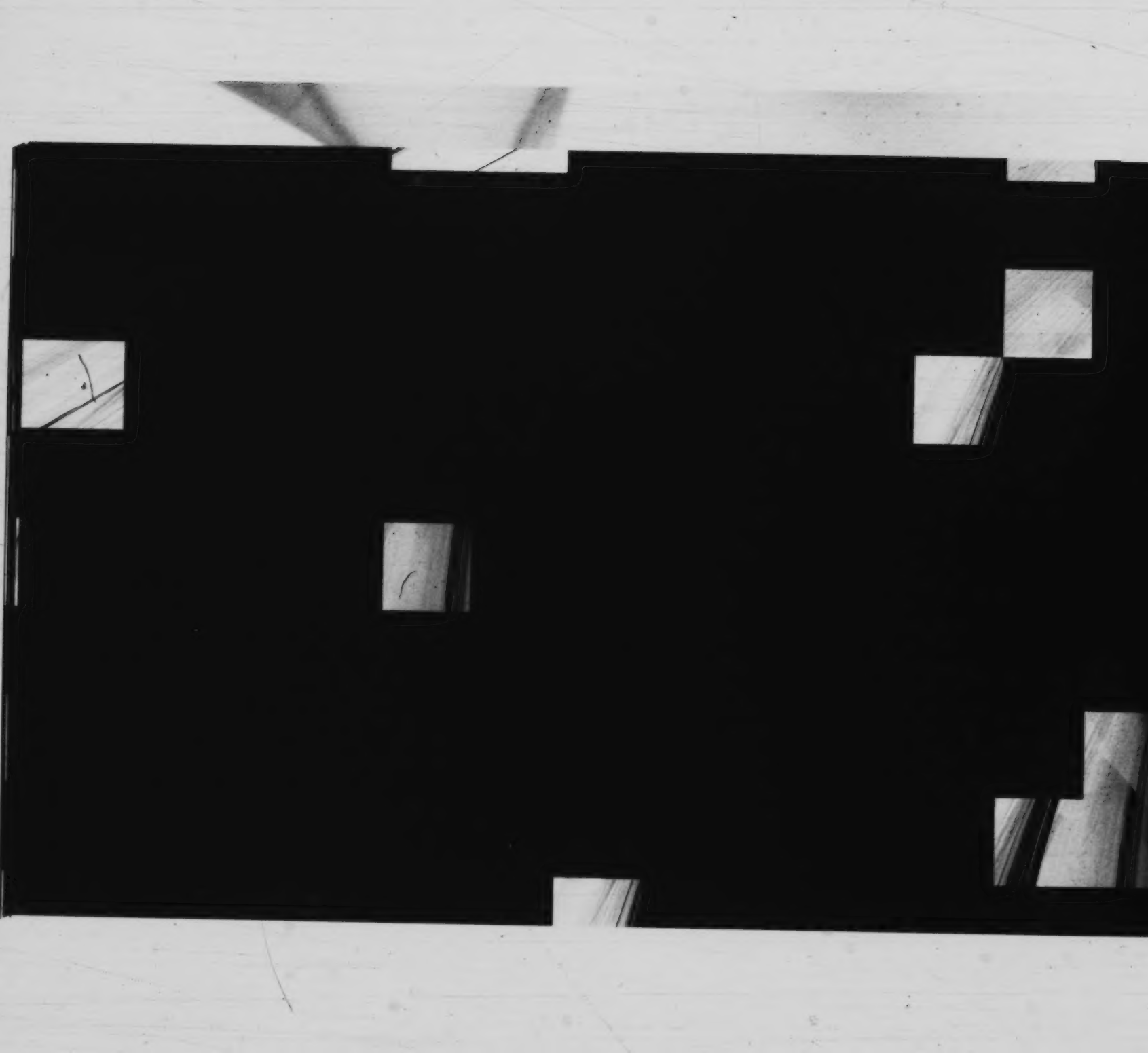
Strong financial support from the Government of Saskatchewan, which included capital infrastructure funding, continued with revenue increasing by 41% from the prior year and accounting for 56% of total university revenue. Student fee revenue remained relatively constant, reflecting stable enrolments and the fact that the university has held most tuition rates at the same level since 2004/05.

Expenses and Deployment of Resources

As a percentage of the \$671.4 million total expense, salary and employee benefits comprise the largest portion at 64% (\$429.3 million). This compensation is related to about 8,000 staff, representing five bargaining units and exempt staff as well as honoraria (not included in staff totals). Of the total compensation expense, salaries comprise \$363.8 million, and benefits comprise \$65.5 million.

Total expenses increased by \$70.9 million, or 11.8% over the prior year. Of this increase, \$57.1 million relates to salary and employee benefit expenditures, reflecting the results of collective bargaining agreements for the period, staff turnover and changes in staffing levels. The increase is also due in part to the change in the university's accrued post-retirement asset which decreased by \$24.1 million, resulting in a corresponding increase in employee benefit costs.

The university has two defined contribution plans, three defined benefit plans and a long-term disability plan. For the defined benefit plans, income and expenditure can fluctuate greatly based on pension plan investment returns and changes in actuarial assumptions. If the change in pension and disability plan assets is factored out of the total expense for 2008/09 and 2007/08, then the year-over-year increase would be \$42.0 million, or an increase of 6.9%. This increase reflects an escalation in salary and supply costs as well as growth, particularly in research activity.



Consolidated Financial Statements

For the Year Ended April 30, 2009

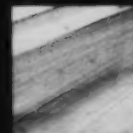
Statement of Administrative Responsibility for Financial Reporting

The administration of the university is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Canadian generally accepted accounting principles. The administration believes that the consolidated financial statements fairly present the financial position of the university as of April 30, 2009, and the results of its operations and the changes in its fund balances for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal controls designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The integrity of the internal controls is reviewed on an ongoing basis by the Audit Services Division.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee, which is a committee of the Board of Governors. The external and internal auditors have access to the Audit Committee, with or without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2009 have been reported on by the Provincial Auditor of the Province of Saskatchewan, the external auditor appointed under *The University of Saskatchewan Act, 1995*. The Auditor's Report outlines the scope of his examination and provides his opinion on fairness of presentation of the information in the financial statements.



Peter MacKinnon
President

Richard E. J. Florizone
Vice-President (Finance and Resources)

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the University of Saskatchewan as at April 30, 2009 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Fred Wendel, CMA, CA, Provincial Auditor
Regina, Saskatchewan
July 10, 2009

STATEMENT 1**Consolidated Statement of Financial Position**

As at April 30, 2009 (\$ thousands)

Current Assets

Cash (Bank indebtedness) (Note 6)

Accounts receivable (Note 7)

Inventories (Note 8)

Prepaid expenses

Long-term Assets

Long-term accounts receivable (Note 9)

Long-term investments (Note 6)

Other assets

Pension and long-term disability plans (Note 10)

Capital assets (Note 11)

	General	Restricted	Endowment	Total 2009	Total 2008
Cash (Bank indebtedness) (Note 6)	\$ (70,561)	\$ 68,782	\$ 1,567	\$ (212)	\$ 10,412
Accounts receivable (Note 7)	26,054	118,509	-	144,563	124,608
Inventories (Note 8)	13,728	-	-	13,728	11,989
Prepaid expenses	1,871	-	-	1,871	1,722
	(28,908)	187,291	1,567	159,950	148,731
Long-term accounts receivable (Note 9)	-	17,590	-	17,590	28,500
Long-term investments (Note 6)	263,909	201,056	158,618	623,583	562,351
Other assets	286	1,480	742	2,508	3,199
Pension and long-term disability plans (Note 10)	27,965	-	-	27,965	52,130
Capital assets (Note 11)	-	909,331	-	909,331	811,091
	292,160	1,129,457	159,360	1,580,977	1,457,271
	\$ 263,252	\$ 1,316,748	\$ 160,927	\$ 1,740,927	\$ 1,606,002

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Consolidated Statement of Financial Position (continued)

	General	Restricted	Endowment	Total 2009	Total 2008
Current Liabilities					
Accounts payable and accrued liabilities	\$ 38,813	\$ 22,212	\$ -	\$ 61,025	\$ 52,940
Employee benefit liabilities (Note 12)	12,172	1,085	-	13,257	12,809
Unearned fees and other deferred revenue	19,177	-	-	19,177	15,989
Loans (Note 13)	-	38,633	-	38,633	32,252
Current portion of long-term debt (Note 14)	992	2,061	-	3,053	167
	<u>71,154</u>	<u>63,991</u>	<u>-</u>	<u>135,145</u>	<u>114,157</u>
Long-term Liabilities					
Long-term debt (Note 14)	146	1,986	-	2,132	4,430
Employee benefit liabilities (Note 12)	32	-	-	32	271
Accrued decommissioning costs (Note 15)	-	3,769	-	3,769	2,830
	<u>178</u>	<u>5,755</u>	<u>-</u>	<u>5,933</u>	<u>7,531</u>
Fund Balances					
Externally restricted funds (Note 17)	-	350,270	132,004	482,274	474,250
Internally restricted funds (Note 18)	182,893	33,850	28,923	245,666	235,535
Invested in capital assets	-	862,882	-	862,882	771,626
Unrestricted funds	9,027	-	-	9,027	2,903
	<u>191,920</u>	<u>1,247,002</u>	<u>160,927</u>	<u>1,599,849</u>	<u>1,484,314</u>
	<u>\$ 263,252</u>	<u>\$ 1,316,748</u>	<u>\$ 160,927</u>	<u>\$ 1,740,927</u>	<u>\$ 1,606,002</u>

Commitments and Contingencies (Note 19)

See accompanying notes to consolidated financial statements

STATEMENT 2

Consolidated Statement of Operations and Changes in Fund Balances

For the Year Ended April 30, 2009 (\$ thousands)

Revenues

Grants and contracts

Government of Canada

Government of Saskatchewan

Other governments

Non-government

Student fees

Gifts, grants and bequests

Sales of services and products

(Loss) income from investments

Real estate income

Miscellaneous income

	General	Restricted	Endowment	Total 2009	Total 2008
	4,187	\$ 80,243	\$ -	\$ 84,430	\$ 74,863
	283,083	161,837	-	444,920	314,929
	16,542	1,316	-	17,858	16,190
	9,709	41,433	-	51,142	82,899
	90,626	1	-	90,627	89,216
	8,540	7,302	4,687	20,529	37,767
	84,774	1,134	-	85,908	79,844
	5,878	7,865	(35,407)	(21,664)	6,753
	2,397	94	-	2,491	2,455
	10,670	66	5	10,741	5,656
\$	516,406	\$ 301,291	\$ (30,715)	\$ 786,982	\$ 710,572

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Consolidated Statement of Operations and Changes in Fund Balances (continued)

	General	Restricted	Endowment	Total 2009	Total 2008
Expenses					
Salaries	\$ 311,913	\$ 51,904	\$ -	\$ 363,817	\$ 339,908
Employee benefits	61,010	4,502	-	65,512	32,277
Operational supplies and expenses	57,324	23,612	39	80,975	82,114
Travel	10,120	6,450	-	16,570	15,197
Cost of goods sold	21,744	-	-	21,744	16,852
Maintenance, rental and renovations	8,168	5,311	-	13,479	10,519
Utilities	20,336	45	-	20,381	20,192
Amortization	-	55,677	-	55,677	53,238
Scholarships, bursaries and prizes	3,250	23,959	-	27,209	26,333
Interest	166	5,001	-	5,167	2,988
Bad debt expense	653	-	-	653	608
Decommissioning costs (Note 15)	-	263	-	263	257
	494,684	176,724	39	671,447	600,483
Net revenues (expenses over revenues)	21,722	124,567	(30,754)	115,535	110,089
Interfund transfers (Note 23)	(14,488)	13,035	1,453	-	-
Net increase (decrease) in fund balances for year	7,234	137,602	(29,301)	115,535	110,089
Fund balances, beginning of year	184,686	1,109,400	190,228	1,484,314	1,374,225
Fund balances, end of year	\$ 191,920	\$ 1,247,002	\$ 160,927	\$ 1,599,849	\$ 1,484,314

See accompanying notes to consolidated financial statements

STATEMENT 3

Consolidated Statement of Cash Flows

For the Year Ended April 30, 2009 (\$ thousands)

	General	Restricted	Endowment	Total 2009	Total 2008
Cash flows from operating activities:					
Cash received from Government of Canada	\$ 5,172	\$ 83,413	\$ -	\$ 88,585	\$ 77,584
Cash received from Government of Saskatchewan	284,944	148,724	-	433,668	293,089
Cash received from other governments	16,717	1,387	-	18,104	15,750
Cash received from non-government	9,621	45,789	-	55,410	53,066
Cash received from student fees	90,937	4	-	90,941	88,124
Cash received from gifts, grants and bequests	8,357	3,881	-	12,238	13,157
Cash received from sales of services and products	82,500	1,134	-	83,634	83,703
Cash received from miscellaneous income	11,269	7	24	11,300	6,050
Cash paid for salaries and benefits	(347,920)	(56,313)	-	(404,233)	(379,607)
Cash paid for non-salary expenditures	(119,013)	(56,905)	(39)	(175,957)	(186,051)
Cash generated from (used for) operating activities	42,584	171,121	(15)	213,690	64,875
Cash flow from financing and investment activities:					
Cash received from income from investments	11,937	10,798	833	23,568	26,498
Contributions of cash for endowments	-	-	2,755	2,755	3,735
Cash received from real estate income	2,397	94	-	2,491	2,455
Cash received from debt financing	925	4,700	-	5,625	7,008
Debt financing repayment	-	(1,773)	-	(1,773)	(3,702)
Purchase of capital assets	-	(154,198)	-	(154,198)	(119,405)
Purchase of investments (net)	(21,557)	(69,712)	(11,513)	(102,782)	(111,047)
Cash used for financing activities	(6,298)	(210,091)	(7,925)	(224,314)	(94,458)
Net increase (decrease) in cash	36,286	(38,970)	(7,940)	(10,624)	(29,583)
Interfund transfers (Note 23)	(14,488)	13,035	1,453	-	-
Cash (Bank indebtedness), beginning of year	(92,359)	94,717	8,054	10,412	39,995
Cash (Bank indebtedness), end of year	\$ (70,561)	\$ 68,782	\$ 1,567	\$ (1,212)	\$ 10,412

Notes to the consolidated financial statements

For the Year Ended April 30, 2009 (\$ thousands)

1 Authority and Purpose

"The University of Saskatchewan" (university) is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the Statutes of Saskatchewan. The primary role of the university is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The university is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The following accounting policies and reporting practices are considered significant:

a Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- Agricol Research Investments Inc., a wholly owned subsidiary of the university. Through Agricol, the University of Saskatchewan promotes and participates in research, education and technology transfer related to the agriculture industry.
- Agrivita Canada Inc., a non-profit corporation incorporated under the *Canada Corporations Act* whose sole member is the University of Saskatchewan. The company promotes, targets, and funds research, training, and service initiatives in various disciplines for purposes related to agricultural health and safety for industry and farm workers, rural residents and families, and the impact of agricultural activities on the general public.
- Canadian Light Source Inc. (CLSI), a non-profit corporation whose sole member is the University of Saskatchewan. The company's mandate is to advance Canadian scientific and industrial capabilities in synchrotron science and technical applications. The company is responsible for the operation and conduct of all activities related to the university's synchrotron light facility, its operation and performance.
- Prairie Swine Centre Inc., a non-profit corporation whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.
- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the university. The company participates in real estate investment activities.
- University of Saskatchewan Crown Foundation, a non-profit entity incorporated under *The Crown Foundations Act* of Saskatchewan. The foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan.

b Fund accounting

The university follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The university has classified accounts with similar characteristics into major funds as follows:

- i General Funds are unrestricted and account for the university's program delivery, service and administrative activities. These funds are further classified as Operating and Ancillary.
Operating Funds account for the university's function of instruction, including academic support services, administrative services, plant maintenance and other operating activity.
Ancillary Funds provide goods and services to the university community, which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

- ii. Restricted Funds carry restrictions on the use of resources for particular defined purposes. These funds are further classified as Capital, Research and Student Financial Aid.

Capital Funds account for the acquisition of capital assets, major renovations and improvements to capital assets.

Research Funds account for activities in support of research.

Student Financial Aid Funds account for activities in support of students.

- iii. Endowment Funds account for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation. The amount recapitalized each year will vary from year to year with variability in annual investment returns, but over time it is intended that the recapitalized amount will offset the cumulative effect of inflation.

c. Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted grants subject to an external annual appropriation process will be recognized in accordance with the funder's appropriation.

Contracts are recorded as revenue as the service or contract activity is performed, provided that at the time of performance ultimate collection is reasonably assured. If payment is not received at the time the service or contract activity is performed, accounts receivable will be recorded.

Student fees are recognized as revenue in the year courses and seminars are held. Sales of services and products are recognized at time of sale or when the service has been provided.

Unrestricted contributions are recorded as revenue in the period received or receivable, if collection is reasonably assured. Gifts in kind are recorded at their fair market value on the date of receipt or at nominal value when fair market value cannot be reasonably determined. Pledges from fund raising and other donations are not recorded until the year of receipt of cash or other assets due to the uncertainty surrounding collection.

Contributions for endowment purposes are recognized as revenue in the Endowment Fund.

Sales of services and products are recorded as revenue in the General Fund at time of sale or when the service has been provided.

Investment Income is recorded as revenue when reasonable assurance exists regarding measurement and collectability. Unrestricted investment income is recognized as revenue of the General Fund. Investment income earned on Endowment Fund resources is recorded in the appropriate fund according to the restrictions mandated.

Real estate and miscellaneous income, as follows, is recorded as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured:

- Unrestricted income is recorded in the General Fund.
- Restricted income is recognized as revenue of the appropriate restricted fund.

d Contributed services and materials

These financial statements do not report the value of contributed volunteer hours, as the fair value of such is not practically determinable. Gifts-in-kind are recorded where a formal valuation has been made.

e Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Examples of significant estimates include: the allowance for doubtful accounts, the estimated useful lives of assets, the accruals for salaries and benefits, and certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefit obligations, plan assets, decommissioning costs and provision for claims payable.

f Capital assets

Purchased and constructed capital assets are recorded at cost. Capital assets which are constructed by the university are recorded as Construction in Progress until the capital asset is put into use. The university reports donated capital assets at fair market value upon receipt. Collections are not capitalized or amortized. All additions to collections are expensed in the year acquired. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives, as shown below. Amortization is not provided on projects in progress until the assets are in use. Asset retirement obligations and associated asset retirement costs are discussed in i) Decommissioning obligation, below.

Buildings	40 years
Canadian Light Source Inc. (CLSI) facility retirement costs	30 years
Site improvements	20 years
Computers	3 years
Equipment and furnishings	3 to 10 years
Library materials	10 years

g Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the average cost method, with the exception of livestock, poultry and other farm products which are stated at market value. Market is defined as market quotations for livestock and replacement cost for other farm products.

h Employee future benefits and pensions

The cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees, when future salary levels or cost escalation affect the amount of the benefit. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. For purposes of calculating the expected return on plan assets, those assets are recorded at fair value. Actuarial gains and losses are recognized in the year they arise.

Employee future benefits other than pensions represent medical and dental care and life insurance commitments to certain employees and retirees, long- and short-term disability payments, severance and termination payments and compensated absences. The university accrues its obligations under these plans.

i. Decommissioning obligation

CLSI recognizes obligations for future decommissioning site restoration costs in the period during which they occur. The associated facility retirement costs are capitalized as a part of the carrying amount of the asset and amortized over its useful life. The liability and related asset are adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation.

j. Financial instruments

The university classifies all financial instruments as held to maturity, available for sale, held for trading, loans and receivables or other financial liabilities, in accordance with Section 3855, *Financial Instruments – Recognition and Measurement*, and related sections of the Canadian Institute of Chartered Accountants (CICA) Handbook. Financial instruments classified as available for sale are measured at fair value with unrealized gains and losses recorded as a direct increase or decrease to fund balances. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the Statement of Operations. Financial instruments classified as held to maturity, loans and receivables or other financial liabilities are measured at amortized cost.

The university's financial instruments are classified and measured as follows:

Assets/Liabilities	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized Cost
Investments, short-term and long-term	Held for trading	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized Cost
Employee benefit liabilities	Other liabilities	Amortized Cost
Loans	Other liabilities	Amortized Cost
Interest rate swaps	Held for trading	Fair value
Long-term debt, including current portion	Other liabilities	Amortized Cost

k. Derivative financial instruments

The university uses derivative financial instruments, principally interest rate swap agreements on specific loans, in its management of exposure to fluctuations in interest rates. Derivative financial instruments are adjusted to fair value on a monthly basis with the change in fair value recorded in the statement of operations. See Note 13 and Note 25, below.

3. Disclosure of Other Significant Relationships

Prairie Diagnostic Services is a not-for-profit corporation owned by the Province of Saskatchewan and the University of Saskatchewan. The laboratory operating in Saskatoon provides veterinary diagnostic services and animal health care and supports the training of undergraduate and graduate veterinarians at the Western College of Veterinary Medicine.

The Saskatchewan Food Industry Development Centre Inc. is a not-for-profit organization owned by the Ministry of Agriculture, the Saskatchewan Food Processors Association and the University of Saskatchewan. It is a federally inspected food manufacturing facility that aids in the development of value-added processing in Saskatchewan.

The University of Saskatchewan is the host institution for PREVENT (Pan-Provincial Vaccine Enterprise), a not-for-profit organization formed to promote the commercialization of Canada's vaccine industry. PREVENT's founding institutions are the University of Saskatchewan, the B.C. Centre for Disease Control (BCCDC) and the Canadian Centre for Vaccinology.

All transactions with the above organizations are accounted for at cost in the university financial statements.

4. Accounting Policy Changes

a. Financial Statement Concepts

Effective October 1, 2008 CICA Handbook Section 1000, *Financial Statement Concepts*, was amended to clarify the criteria for recognizing an asset. The amendments had no impact on the university's financial results.

b. Inventories

Effective May 1, 2008 the university adopted the accounting recommendations for inventories (CICA Handbook 3031). As well as harmonizing accounting for inventories under Canadian GAAP with International Financial Reporting Standards, the new recommendations provide more extensive guidance on the determination of cost and on its subsequent recognition as expense, including any write-down to net realizable value and reversals of previous write-downs for increases to net realizable value. There is no material impact on the university's operating results as a result of implementing the new recommendations.

c. Goodwill and Intangible Assets

Effective May 1, 2008 the university voluntarily adopted the changes to CICA Handbook Section 3064, *Intangible Assets*. The changes had no impact on the financial results of the university.

d. Financial Instruments - Recognition and Measurement

As allowed under Section 3855.07A, *Financial Instruments - Recognition and Measurement*, the university, as a not-for-profit organization, has chosen to not apply this Section to the following areas, defined by the Handbook:

- derivatives embedded in leases;
- derivatives embedded in insurance contracts;
- contracts and obligations for stock-based payments in which the entity receives or acquires goods or services to which Section 3855 otherwise applies;
- contracts to buy or sell a non-financial item including derivatives embedded therein; or
- derivatives embedded in contracts to buy or sell a non-financial item in accordance with the university's expected purchase, sale or usage requirements.

e. Financial Instruments - Presentation and Disclosure

As a not-for-profit organization, the university chose to continue applying CICA Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*, in place of Section 3862, *Financial Instruments - Disclosure* and Section 3863, *Financial Instruments - Presentation*.

f. Capital Disclosures

Effective May 1, 2008 the university adopted CICA (Canadian Institute of Chartered Accountants) Handbook Section 1535, *Capital Disclosures*. In accordance with this new standard the university now discloses its objectives, policies and process for managing capital. Information about an entity's capital and how it is managed enables users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. As this standard only addresses disclosure requirements, there is no impact on the university's financial results.

5 Future Changes in Accounting Policies

a International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for publicly accountable enterprises (PAEs) are expected to converge with International Financial Reporting Standards (IFRS) by the end of calendar 2011. A decision on the extent to which IFRS will apply to non-publicly accountable enterprises (NPAEs) remains unclear. Currently an Invitation to Comment (ITC) has been issued jointly by the Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB) with comments requested by June 2009. The ITC asks crucial questions about the future of financial reporting by not-for-profit organizations. The university continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS and until a decision is rendered on applicable standards for NPAEs will continue to issue financial statements based on CICA Handbook Not-for-Profit Accounting Standards.

b Accounting Standards that Apply only to Not-for-Profit Organizations

In September 2008 the CICA amended Section 4400, *Financial Statement Presentation for Not-for-Profit Organizations*, Section 4430, *Capital Assets Held by Not-for-Profit Organizations*, Section 4460, *Disclosure of Related Party Transactions by Not-for-Profit Organizations* and issued Section 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*. At the same time Sections 1540, *Cash Flow Statements* and Section 1751, *Interim Financial Statements* were amended to include Not-for-Profit organizations within their scope. EIC-123, *Reporting Revenue Gross as a Principal Versus Net as an Agent*, was amended as a result of changes to Section 4400.

Amendments to Section 4400 eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions.

Amendments to Section 4430 provide additional guidance with respect to the appropriate use of the scope exemptions for smaller entities.

Amendments to Section 4460 make the language in the section consistent with Section 3840, *Related Party Transactions*.

Section 4470 sets forth requirements for entities that allocate their fundraising and general support expenses to other functions, to disclose fee policies adopted for the allocation, the nature of the expenses being allocated and the basis on which such allocations have been made. The section requires disclosure of the amounts allocated from each of its fundraising and general support functions and the amounts and functions to which they have been allocated.

These amendments apply to interim and annual financial statements beginning on or after January 31, 2009, specifically May 1, 2009 for the university. The university is evaluating the effect of these new standards on its financial statements but is not expecting a material impact.

6 Cash and Investments

Short-term investments are invested in high quality Canadian money market instruments.

The long-term investment portfolio includes endowment assets as well as the portion of non-endowment assets that will not be required for spending in the next fiscal year.

The primary objective of the Investment Pools is to ensure the safety of principal, maintain sufficient liquidity for operating purposes and maximize earnings for the funds, at an acceptable risk level.

	2009	2008
(Bank indebtedness) Cash	\$ (212)	\$ 10,412
Fixed income	472,553	378,642
Canadian equities	54,239	69,391
Foreign equities	87,768	108,862
Real estate	9,023	5,456
	<u>623,371</u>	<u>572,763</u>
Add/less amounts reported as:		
(Bank indebtedness) Cash	(212)	10,412
	<u>\$ 623,583</u>	<u>\$ 562,351</u>

At April 30, 2009, the average effective yields and the terms to maturity are as follows:

- Government and corporate bonds, 5.3 percent (2008 - 5.3 percent)

7 Accounts Receivable

Accounts Receivable are comprised of the following:

	2009	2008
General	\$ 7,406	\$ 7,259
Employee benefit deposits	1,340	1,466
Investment income	5,205	3,892
Grants and contracts related to general funds	3,001	3,034
Grants and contracts related to student financial aid	955	976
Grants and contracts related to research	98,107	84,222
Grants and contracts related to capital	15,124	13,682
Other restricted	4,071	3,171
Other unrestricted	6,254	3,764
Student fees	4,796	5,266
Student loans	20	25
Allowance for doubtful accounts	(1,916)	(2,149)
	<u>\$ 144,561</u>	<u>\$ 124,608</u>

8 Inventory

	2009			2008		
	Beginning of year	Net change	End of year	Beginning of year	Net change	End of year
College of Agriculture and Bioresources	\$ 1,357	\$ 90	\$ 1,447	\$ 1,289	\$ 68	\$ 1,357
College of Dentistry	322	47	369	292	30	322
College of Veterinary Medicine	642	(18)	624	621	21	642
Other Units						
Consumer Services	3,671	1,099	4,770	3,872	(201)	3,671
Facilities Management Division	1,621	442	2,063	1,913	(292)	1,621
Vaccine and Infectious Disease Organization (VIDO)	231	(58)	173	273	(42)	231
Other	443	(55)	388	392	51	443
Subsidiaries						
Canadian Light Source (CLS)	2,724	519	3,243	2,143	581	2,724
Prairie Swine	978	(327)	651	854	124	978
	<u>\$ 11,989</u>	<u>\$ 1,739</u>	<u>\$ 13,728</u>	<u>\$ 11,649</u>	<u>\$ 340</u>	<u>\$ 11,989</u>

9 Long-Term Accounts Receivable

Long-term accounts receivable reflect the fair value of non-government grants receivable in subsequent years, as follows:

	2009	2008
2009	\$ -	\$ 853
2010	41	18,736
2011	7,209	4,651
2012	7,093	4,235
2013	2,179	25
2014	385	-
2015	195	-
2016	195	-
2017	195	-
2018	98	-
	<u>\$ 17,590</u>	<u>\$ 28,500</u>

10 Pension and Long-Term Disability Plans

The university sponsors both defined benefit and defined contribution pension plans. The university and employees contribute in equal amounts to most of the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the university to support the actuarial based pension benefits. The defined pension benefits are based on years of pensionable service and an average of the highest 4 years of employees' pensionable earnings.

The total expense for the university's defined contribution plans for the year is \$12,662 (2008 - \$12,667).

Aggregate information about the university's defined benefits plans is in the table below. The information provided does not encompass all benefit plans in the university, but only those plans for which an actuarial liability exists. The measurement date of plan assets and accrued benefit obligations is December 31, 2008 (extrapolated to April 30, 2009). The date of actuarial valuation is also December 31, 2008 (extrapolated to April 30, 2009).

The long-term disability income plan is a self-insured program providing benefits for academic, administrative, research and other designated employees who have not attained the normal retirement age. Information about the long-term disability income plan is in the table below. The measurement date of plan assets and accrued benefit obligations is April 30, 2009.

a Funded status of plans

	2009			2008		
	Pension Plans	Long-Term Disability Plan	Total	Pension Plans	Long-Term Disability Plan	Total
Plan assets:						
Fair value at beginning of year	\$ 464,872	\$ 34,125	\$ 498,997	\$ 504,025	\$ 38,842	\$ 542,867
Actual return on plan assets	(59,277)	(7,678)	(66,955)	(9,066)	(2,443)	(11,509)
Employer contributions	5,116		5,116	4,345		4,345
Employee contributions	4,752		4,752	3,931		3,931
Benefits paid	(30,152)	(2,667)	(32,819)	(38,363)	(2,274)	(40,637)
Fair value at end of year	385,311	21,780	409,091	464,872	34,125	498,997
Accrued benefit obligations:						
Accrued benefit obligation at beginning of year	426,157	12,666	438,823	475,558	15,114	490,672
Current service cost	13,680	2,602	16,282	15,778	2,700	18,478
Interest cost	25,594	752	26,346	24,454	800	25,254
Benefits paid	(30,152)	(2,667)	(32,819)	(38,363)	(2,274)	(40,637)
Actuarial gains	(75,785)	(839)	(76,624)	(51,621)	(3,674)	(55,295)
Plan amendments				351		351
Accrued benefit obligation at end of year	359,494	12,514	372,008	426,157	12,666	438,823
Accrued benefit asset:						
Accrued benefits asset	25,817	11,266	37,083	38,715	21,459	60,174
Valuation allowance and unamortized past service costs	(9,118)		(9,118)	(8,044)		(8,044)
Accrued benefit asset, net of valuation allowance	\$ 16,699	\$ 11,266	\$ 27,965	\$ 30,671	\$ 21,459	\$ 52,130

b. Net benefit plan expense (revenue)

	2009			2008		
	Pension Plans	Long-Term Disability Plan	Total	Pension Plans	Long-Term Disability Plan	Total
Current service cost, net of employee contributions	\$ 8,928	\$ 2,602	\$ 11,530	\$ 11,846	\$ 2,700	\$ 14,546
Interest cost	25,594	752	26,346	24,454	800	25,254
Expected return on plan assets	(30,549)	(2,295)	(32,844)	(32,839)	(2,639)	(35,478)
Immediate recognition of remaining gains/losses	14,041	9,134	23,175	(9,594)	1,408	(8,186)
Amortization of past service costs	552	-	552	485	154	639
Increase in valuation allowance	522	-	522	2,953	-	2,953
Net benefit plan expense (revenue)	\$ 19,088	\$ 10,193	\$ 29,281	\$ (2,695)	\$ 2,423	\$ (272)

c. Actuarial assumptions (weighted average as of April 30)

	2009		2008	
	Pension Plans	Long-Term Disability Plan	Pension Plans	Long-Term Disability Plan
Discount rate	7.8 %	5.8 %	6.1 %	5.4 %
Expected long-term rate of return on plan assets	6.7	7.0	6.7	7.0
Compensation increase	3.9	-	4.2	-
Inflation	2.5	2.5	3.0	3.0

d. Percentage of fair value of total plan assets held at measurement date by category

	2009		2008	
	Pension Plans	Long-Term Disability Plan	Pension Plans	Long-Term Disability Plan
Fixed income	40.0 %	20.0 %	41.0 %	17.0 %
Equities	56.0	80.0	57.0	83.0
Other	4.0	-	2.0	-
Total	100.0 %	100.0 %	100.0 %	100.0 %

11. Capital Assets

	2009			2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Buildings	\$ 790,864	\$ 279,737	\$ 511,127	\$	508,347
CLSI facility retirement costs	3,154	376	2,778		2,060
Site improvements	64,654	24,766	39,888		29,136
Computers	98,445	84,978	13,467		11,631
Equipment and furnishings	264,017	182,379	81,638		81,389
Land	2,467		2,467		2,469
Construction in progress	210,724		210,724		129,881
Library materials	168,106	120,864	47,242		46,178
	<u>\$ 1,602,431</u>	<u>\$ 693,100</u>	<u>\$ 909,331</u>	<u>\$</u>	<u>811,091</u>

12. Employee benefit liabilities

	General	Restricted	2009	2008
Vacation pay	\$ 11,916	\$ 1,085	\$ 13,001	\$ 12,200
Early retirement plans	288		288	880
	12,204	1,085	13,289	13,080
Less current portion	12,172	1,085	13,257	12,809
	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ 271</u>

Health, dental and group life benefits are provided to active employees. The university's maximum contribution is defined by Employment Contracts. Funds held on deposit with Saskatchewan Blue Cross are internally restricted and reported with General Accounts Receivable (see Note 7).

13. Loans

The university holds a 365 credit facility utilizing monthly revolving Banker's Acceptance Loans. The term credit facility allows the university to obtain a favorable rate. The interest rate risk for each Banker's Acceptance Loan is managed through an interest rate swap agreement. Detail of each Banker's Acceptance Loan and interest rate swap agreement are as follows:

	<u>2009</u>	<u>2008</u>
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until September 2029	\$ 12,446	\$ 12,750
Long-term synthetic financial instrument created by interest rate swap agreement - 5.786%, terminates September 2029	2,928	1,714
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until January 2020	3,719	3,973
Long-term synthetic financial instrument created by interest rate swap agreement - 4.72%, terminates January 2020	490	175
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until September 2020	3,851	4,103
Long-term synthetic financial instrument created by interest rate swap agreement - 4.53%, terminates September 2020	469	135
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until June 2021	4,061	4,297
Long-term synthetic financial instrument created by interest rate swap agreement - 4.841%, terminates June 2021	572	217
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until June 2022	4,304	4,525
Long-term synthetic financial instrument created by interest rate swap agreement - 5.30%, terminates June 2022	739	363
Royal Bank Banker's Acceptance Loan - Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until July 2023	4,532	-
Long-term synthetic financial instrument created by interest rate swap agreement - 4.46%, terminates July 2023	522	-
	\$ <u>38,633</u>	\$ <u>32,252</u>

The fair value for the interest rate swaps are determined by marked-to-market valuations provided by the Royal Bank of Canada, Toronto.

14 Long-term Debt

	2009	2008
Canada Mortgage and Housing Corp. (CMHC) - 6.875% debentures due May 1 and September 1, 2020. These loans are repayable in equal semi-annual installments of \$123 blended principal and interest and recovered in their entirety from the operating revenues of Ancillary Services.	\$ 1,930	\$ 2,037
Loan payable to the Government of Saskatchewan - General Revenue Fund - 5.125%, due December 1, 2015. These loans are repayable in equal semi-annual installments of \$17 blended principal and interest.	195	217
Loan payable to Farm Credit Canada with interest at FCC personal property variable rate less 0.75%, payable in blended monthly principal repayments of \$2, secured by a general security agreement, due July 2016.	164	179
Saskatchewan Short-term Hog Loan payable with interest at prime, payable on the date on which the Saskatchewan market price for mature hogs exceeds \$140 per 100 kilograms at a rate of one-third of the difference between the Saskatchewan market price and the \$140 per 100 kilograms. The total amount of the loan and accrued interest is due in full on April 30, 2012, with 36 equal monthly payments commencing on the outstanding balance on May 1, 2009. The loan is secured by goods, equipment and inventory owned by PSC Elstow.	224	35
Mortgage payable to Farm Credit Canada with interest at FCC's variable rate minus 0.75%, payable in blended monthly installments of \$16, due May 2011, secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property and the postponement and subordination of PSC Elstow's shareholders' debt.	1,922	1,929
Long-term line of credit, up to a maximum amount of \$350, payable to Farm Credit Canada with interest at FCC's variable rate minus 0.70%, payable in monthly installments of interest only, due May 2011, secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property, and the postponement of PSC Elstow's shareholders' debt.	350	200
Long-term line of credit up to a maximum of \$400, payable to Farm Credit Canada with interest at FCC's variable rate plus 0.25%, payable in monthly installments of \$5, commencing on April 2009, due March 2013. The loan is secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property, and the postponement of PSC Elstow's shareholders' debt.	400	-
	5,185	4,597
Less: Current Portion	(3,053)	(167)
	\$ 2,132	\$ 4,430

Prairie Swine Centre Inc., a subsidiary of the university consolidates its subsidiary PSC Elstow Research Farm Inc. (PSC Elstow). Due to the persistent decline of the price of market pigs and the significant increase in the cost of production and transportation, operations at PSC Elstow were suspended. Discussions with secured lenders commenced relating to the settlement of their security interests.

However, PSC Elstow is in default of certain covenants on loans with Farm Credit Canada which allows the loans to be subject to demand. Consistent with EKC 122 of the CICA Handbook the following debt that is now demand in nature has been reclassified as current and reflected in the year 2010 in the principal payments schedule.

Mortgage payable to Farm Credit Canada with interest at FCC's variable rate minus 0.75%, payable in blended monthly installments of \$16, due May 2011, secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property and the postponement and subordination of PSC Elstow's shareholders' debt.	\$	1,922
Long-term line of credit, up to a maximum amount of \$350, payable to Farm Credit Canada with interest at FCC's variable rate minus 0.70%, payable in monthly installments of interest only, due May 2011, secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property and the postponement of PSC Elstow's shareholders' debt.		350
Long-term line of credit up to a maximum of \$400, payable to Farm Credit Canada with interest at FCC's variable rate plus 0.25%, payable in monthly installments of \$5, commencing in April 2009, due March 2013. The loan is secured by a general security agreement, the provision of collateral mortgage security over all of PSC Elstow's real property, and the postponement of PSC Elstow's shareholders' debt.		400
	\$	<u>2,672</u>

Principal payments due in each of the next five years is as follows:

2010	\$	3,053
2011		169
2012		181
2013		195
2014		209

15. Decommissioning Costs

The university is required to decommission the Canadian Light Source Inc. (CLSI) facility when operations cease in accordance with a Particle Accelerator Operating License issued by the Canadian Nuclear Safety Commission.

The university, through CLSI, accrues the liability for future decommissioning site restoration costs. The university expects the facility to operate for a 30 year period from commencement of operations and anticipates the future cash flows required to decommission the facility to be \$12,149.

The present value of the original liability for decommissioning costs was calculated using a risk free interest rate of 5.0%. The present value of the revision was calculated using a risk free rate of 3.9%. The current year decommissioning costs of \$263 (2008 - \$257) include amortization of deferred decommissioning costs of \$79 (2008 - \$79) and costs associated with a financial guarantee to the Canadian Nuclear Safety Commission of \$41 (2008 - \$43). A reconciliation of the accrued decommissioning costs is as follows:

	2009	2008
Accrued decommissioning costs, beginning of year	\$ 2,830	\$ 2,696
Accretion expense	142	134
Revision in estimated cash flows	797	-
Accrued decommissioning costs, end of year	\$ 3,769	\$ 2,830

16. Capital Disclosures

The university's objectives when managing its capital are to strengthen its financial position and promote responsible stewardship through the effective management of liquidity and capital structure. To effectively achieve its objectives, the university continues to expand and improve its rigorous planning and budgeting processes and internal control procedures. These strategies ensure the university has appropriate liquidity to meet its operational activities and the growth strategies outlined in the university's second integrated plan.

The university funds its capital requirements through internally generated funds and debt. All sources of financing are analyzed by management and approved by the university's Board of Governors. The university receives a significant portion of its revenue from the Government of Saskatchewan and is required by the university's Act to receive prior approval from the Minister of Advanced Education, Employment and Labour for any borrowing that may impair the financial status of the university.

17. Externally Restricted Fund Balances

Externally restricted reserves represent unexpended fund balances carried forward for subsequent year's expenditures where stipulations have been imposed by an agreement with an external party specifying the purpose for which resources are to be used.

	2009	2008
Capital Fund	\$ 145,588	\$ 68,332
Research Fund	182,948	226,722
Student Financial Aid Fund	21,734	23,561
Endowed Contributions	118,195	113,922
Recapitalized investment earnings	11,809	41,713
	<u>\$ 482,274</u>	<u>\$ 474,250</u>

18. Internally Restricted Fund Balances

Internally restricted net assets represent amounts set aside by the university's Board of Governors for specific purposes. These amounts are not available for other purposes without the approval of the Board. At April 30, net assets have been set aside for the following purposes:

	2009	2008
General Fund**	\$ 182,893	\$ 183,783
Research Fund	29,286	15,194
Student Financial Aid Fund	4,564	3,965
Endowed Contributions	31,607	23,418
Recapitalized investment earnings	(2,684)	11,175
	<u>\$ 245,666</u>	<u>\$ 235,535</u>

** Includes faculty and department carry forwards and specific purpose reserve

19 Commitments and Contingencies

a Capital projects

With commitments relating to the Academic Health Sciences Building, the estimated cost of contractual commitments to complete major capital projects in progress as at April 30, 2009 is approximately \$148,300 (2008 - \$10,844).

b Lease commitments

The university has operating lease commitments for equipment and capital assets. The minimum future commitments under these contractual arrangements for the next five years are as follows:

2010	5	1,306
2011		1,306
2012		1,249
2013		1,238
2014		1,238

c Loan guarantee

The university has agreed to provide a \$22 million loan guarantee for the University of Saskatchewan Students' Union's proposed Project to expand and renovate the Place Riel Student Centre. In accordance with Section 93 of *The University of Saskatchewan Act, 1996*, the university requested and received approval from the Minister of Advanced Education, Employment and Labour to provide the loan guarantee. This Project has been approved by the university's Board of Governors and is in the early construction stages.

d Retail development

In 2001, the university entered into an agreement with the City of Saskatoon obligating the university to pay offsite levies to the City as approximately 50 acres of retail land is developed. It is estimated that the obligation to the City for future phases of development is \$1.168.

e Utility purchases

To manage the price of natural gas, the university has entered into long term contracts that expire at varying dates until October 2015, in accordance with the university's Derivatives Policy Guidelines, as follows:

Contract Year	Gas Year	Target Range % Booked per Derivatives Policy Guidelines	Approximate Consumption Needs Booked (%) [*]	Weighted Average Price per GJ
Nov 2008 - Oct 2009	0	75-100	100	6.5350
Nov 2009 - Oct 2010	1	75-100	85	6.3759
Nov 2010 - Oct 2011	2	50-100	53	8.0200
Nov 2011 - Oct 2012	3	50-75	53	8.0200
Nov 2012 - Oct 2013	4	50-75	27	8.0000
Nov 2013 - Oct 2014	5	25-50	27	8.0000
Nov 2014 - Oct 2015	6	0-50	27	8.0000

* Percentage booked is approximate - consumption needs require confirmation, particularly in years further out. In total, the commitment for natural gas purchases at April 30, 2009 is \$24,206 (2008 - \$9,480).

f Outstanding legal claims

The nature of the university's activities are such that there may be litigation pending or in prospect at any time. With respect to claims at April 30, 2009, the university believes it has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, the settlements of such claims, are not expected to have a material effect on the university's financial position.

On June 26, 2007 a statement of claim was issued against the University of Saskatchewan alleging responsibility for environmental contamination of adjoining land. The university has filed a statement of defense, denying all claims. The outcome is not determinable at this time however should ultimate resolution differ from management's assessments and assumptions, a material adjustment to the university's financial position or results of operations could result.

g Canadian Universities Reciprocal Insurance Exchange

The university is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE), a self-insurance cooperative comprised of over fifty Canadian universities and colleges. CURIE was established to share the insurable property, liability and errors and omissions risk of member universities. The projected cost of claims against the exchange is based on actuarial projections and is funded through the members' premiums. As at December 31, 2008 CURIE had an accumulated surplus of \$17,745 of which the university's pro-rata share is approximately 3.92% (2007 - 3.81%).

20 Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of \$5,312 were recorded in the year (2008 - \$20,874). Gifts-in-kind consist of the following:

	2009	2008
Works of Art	\$ 354	\$ 228
Equipment and furnishings	198	86
Investments	1,813	13,736
Library holdings	54	95
Other	2,893	6,729
	<u>\$ 5,312</u>	<u>\$ 20,874</u>

Donations pledged but not received as at April 30, 2009 totaled \$18,376 (2008 - \$21,185). These pledges are expected to be honored during the subsequent five-year period and will be recorded as revenue when received.

21 Collections

a Collections of Artifacts, Archival Material and Rare Books

The university has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the university's research and teaching missions. Acquisitions are donated as well as purchased. The university rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the university, papers of faculty and alumnae, originals and replicas of Ancient and Medieval artifacts, as well as old and rare material with a focus on Western Canada.

b Art Collection

The Kenderdine Art Gallery administers the permanent art collection of the university. The collection includes works of art that provide a historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the university or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or the direct care of the collection.

22 Operating Fund Allocations

A comparison of the university's Operating Budget Allocations, as approved by the university's Board of Governors, to actual expenses (net of other recoveries and revenues):

	2009		2008	
	Budget (Note 1)	Expenses (Note 2)	Budget (Note 1)	Expenses (Note 2)
Academic Units				
Agriculture and Bioresources	\$ 10,626	\$ 10,444	\$ 10,696	\$ 10,390
Arts and Science	48,523	50,124	48,080	48,256
Edwards School of Business	11,267	11,130	10,271	10,915
Dentistry	5,261	5,290	5,302	5,216
Education	8,296	8,001	8,464	7,903
Engineering	13,058	13,303	12,693	12,884
Centre for Continuing and Distance Education	3,301	3,767	3,506	3,689
Graduate Studies and Research	1,012	984	922	912
Kinesiology, including Huskie Athletics	4,484	4,706	4,272	3,535
Law	4,513	4,167	4,390	4,135
Medicine	28,042	26,766	24,487	24,666
Targeted Funding - Accreditation	16,893	15,549	14,635	12,936
Nursing	7,607	7,612	7,145	7,758
Pharmacy and Nutrition	4,231	4,284	4,076	3,996
Veterinary Medicine	22,036	18,874	20,111	18,305
Interdisciplinary Units (Note 3 below)	4,306	4,111	4,473	4,591
Schools (Note 3 below)	2,092	1,748	617	300
Non-academic Units				
Library	10,802	10,585	9,726	9,468
Information Technology	8,065	8,136	7,413	7,589
Student and Enrolment Services	10,718	10,230	9,769	9,274
Facilities Management (Note 3 below)	20,660	17,212	20,282	19,576
Consumer Services	616	1,070	531	625
Campus Safety	1,969	2,053	1,888	1,718
External Relations	5,318	5,105	2,740	2,634
Administrative Units (Note 3 below)	21,699	20,780	18,496	19,075
Central Utilities	14,865	13,405	14,514	13,022
Central Scholarships/Bursaries	8,534	8,533	9,359	9,358
Central Research and Scholarly	17,477	12,668	13,564	12,975
Central Student Support	820	408	316	289
Central Network, Software and System Renewal	4,694	6,669	4,835	3,893
Central Administration (Note 4 below)	8,279	6,059	6,355	8,412
Central Benefits (Note 5 below)	6,461	5,112	7,077	6,166
Total	\$ 336,525	\$ 318,885	\$ 311,005	\$ 304,461

Notes:

1. For some colleges/administrative units, the allocation amount above varies from the "Allocation of Operating Revenue" amount reflected in Schedule 3. This difference is caused by classification adjustments.
2. Expenses include planned spending of opening fund balances.
3. Allocations and expenses reflect the results of organizational restructuring during the year ended April 30, 2009.
4. Includes wage accruals for all colleges/units related to collective agreements which are settled in subsequent years.
5. Includes accountable professional allowances and other benefits provided to employees under the terms of collective agreements.

23. Interfund Transfers

Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Interfund transfers are used when resources residing within one fund are utilized to fund activities or assets that should, by their nature, be recorded in another fund.

	Operating	Ancillary	Student Financial Aid	Research	Capital	Endowment
Salary and Benefits	\$ (818)	\$ 20	\$ (57)	\$ 940	\$ (11)	\$ (84)
Loan and Interest Payments	1,149	(2,221)	-	-	1,072	-
Capital Acquisition Funding	(3,019)	(1,286)	(140)	(62)	4,507	-
Capital Funding for Research Related Facilities	305	-	-	(51,429)	51,124	-
Capital Asset Additions and Improvements	(9,106)	(3,643)	(105)	(33,775)	42,419	(790)
Donations	(183)	-	27	5	-	151
Scholarships, Bursaries and Prizes	(9,637)	(1,034)	10,014	686	-	(29)
Spendable Fund Transfers for Endowment	(60)	-	-	227	-	(167)
Funding for Research	1,382	-	-	(1,382)	-	-
Funding of General Operating Expenses	11,361	3,172	-	(14,522)	-	(11)
Other Net Transfers	(256)	(614)	(327)	(5186)	-	2,383
April 30, 2009	\$ (6,882)	\$ (1,904)	\$ 9,412	\$ (100,498)	\$ (04,121)	\$ 1,413
April 30, 2008	\$ (36,936)	\$ (7,531)	\$ 11,376	\$ (52,704)	\$ 83,457	\$ 2,338

24 Related Party Transactions

The university receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. To the extent that the Government of Saskatchewan exercises significant influence over the operations of the university, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the university.

Revenue received from the Government of Saskatchewan is disclosed separately in the Statement of Operations. Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions and the amounts outstanding at year-end are as follows:

	2009	2008
Sales of services and products-physicians' billings	\$ 21,547	\$ 20,736
Expenses		
Utilities	11,470	10,202
Other	29,398	19,455
Accounts Receivable	11,430	7,158
Long-term investments	13,066	14,886
Accounts payable and accrued liabilities	1,828	1,703
Deferred revenue	7,855	5,934
Long-term debt	419	252

25 Financial Instruments

The university's financial instruments recorded in the consolidated financial statements consist of cash, investments, accounts receivable, accounts payable and accrued liabilities, loans and long-term debt.

a Risk Management and Financial Instruments

i Market risk

The university is exposed to market risk - the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, its issuer or general market factors affecting all securities. Investments are placed in accordance with policies specifying the quality of investments so that diversification limits risk of exposure in any one type of investment instrument.

ii Foreign currency risk

The university has foreign currency risk arising from its foreign currency denominated cash and investment accounts and exposure to foreign currency denominated revenues or expenses. Investments are placed in accordance with policies addressing investment in foreign currency to reduce the level of risk by diversifying the portfolio of investment classes.

iii Interest rate risk

Interest rate swap agreements are utilized on the Royal Bank Banker's Acceptance Loans to reduce interest rate risk arising from fluctuations in interest rates and to manage the floating interest rates of these loans - see Note 13, above. The university is subject to interest rate risk as a result of market fluctuations in interest rates and the degree of volatility of these rates.

iv. Credit risk

The university has normal credit risk from counterparties. Since government agencies compose a significant portion of the receivable arising from the university's diverse client base, possibility of default is believed to be low.

v. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The university minimizes its liquidity risk through careful management of Investment Pools to maintain sufficient liquidity for operating purposes.

b. Fair Value of Financial Instruments

The carrying values of all financial instruments approximate fair value with the exception of long term debt, which as at April 30, 2009, has a carrying value of \$2,132 (2008 - \$4,597) and a fair value of \$2,499 (2008 - \$4,858).

26. Comparative Figures

Certain comparative figures have been reclassified in order to conform to the financial statement presentation adopted for the current year.



SCHEDULE 1

Consolidated Statement of Operations and Changes in Fund Balances (General Fund)

For the Year Ended April 30, 2009 (\$ thousands)

Revenues

Grants and contracts

Government of Canada

Government of Saskatchewan

Other governments

Non-government

Student fees

Gifts, grants and bequests

Sales of services and products

Income from investments

Real estate income

Miscellaneous income

Expenses

Salaries

Employee benefits

Operational supplies and expenses

Travel

Cost of goods sold

Maintenance, rental and renovations

Utilities

Amortization

Scholarships, bursaries and prizes

Interest

Bad debt expense

Decommissioning costs (Note 15)

Net revenues

Interfund transfers (Note 23)

Net increase in fund balances for year

Fund balances, beginning of year

Fund balances, end of year

	Operating		Ancillary		Total
\$	4,187	\$	-	\$	4,187
	282,987		96		283,083
	16,542		-		16,542
	9,709		-		9,709
	90,626		-		90,626
	8,540		-		8,540
	47,792		36,982		84,774
	5,860		18		5,878
	510		1,887		2,397
	10,595		75		10,670
	477,348		39,058		516,406
	304,568		7,345		311,913
	59,920		1,090		61,010
	56,122		1,202		57,324
	10,087		33		10,120
	11,269		10,475		21,744
	6,894		1,274		8,168
	10,236		10,100		20,336
	-		-		-
	3,250		-		3,250
	166		-		166
	615		38		653
	-		-		-
	463,127		31,557		494,684
	14,221		7,501		21,722
	(8,882)		(5,606)		(14,488)
	5,339		1,895		7,234
	188,320		(3,634)		184,686
\$	193,659	\$	(1,739)	\$	191,920

See accompanying notes to consolidated financial statements

SCHEDULE 2

Consolidated Statement of Operations and Changes in Fund Balances (Restricted Fund)

For the Year Ended April 30, 2009 (\$ thousands)

	Student Financial Aid	Research	Capital	Total
Revenues				
Grants and contracts				
Government of Canada	\$ -	\$ 80,243	\$ -	\$ 80,243
Government of Saskatchewan	880	43,213	117,744	161,837
Other governments	-	1,316	-	1,316
Non-government	267	41,114	52	41,433
Student fees	1	-	-	1
Gifts, grants and bequests	2,276	4,560	466	7,302
Sales of services and products	-	-	1,134	1,134
Income from investments	1,173	111	6,581	7,865
Real estate income	32	62	-	94
Miscellaneous income	49	17	-	66
	<u>4,678</u>	<u>170,636</u>	<u>125,977</u>	<u>301,291</u>
Expenses				
Salaries	1,118	50,784	2	51,904
Employee benefits	65	4,437	-	4,502
Operational supplies and expenses	95	22,925	592	23,612
Travel	41	6,409	-	6,450
Cost of goods sold	-	-	-	-
Maintenance, rental and renovations	-	5,261	50	5,311
Utilities	-	45	-	45
Amortization	-	-	55,677	55,677
Scholarships, bursaries and prizes	13,999	9,960	-	23,959
Interest	-	-	5,001	5,001
Bad debt expense	-	-	-	-
Decommissioning costs (Note 15)	-	-	263	263
	<u>15,318</u>	<u>99,821</u>	<u>61,585</u>	<u>176,724</u>
Net revenues (expenses)	(10,640)	70,815	64,392	124,567
Interfund transfers (Note 23)	9,412	(100,498)	104,121	13,035
Net increase (decrease) in fund balances for year	(1,228)	(29,683)	168,513	137,602
Fund balances, beginning of year	27,526	241,916	839,958	1,109,400
Fund balances, end of year	<u>\$ 26,298</u>	<u>\$ 212,233</u>	<u>\$ 1,008,471</u>	<u>\$ 1,247,002</u>

See accompanying notes to consolidated financial statements

SCHEDULE 3
Consolidated Statement of Operations and Changes in Fund Balances by College

For the Year Ended April 30, 2009 (\$ thousands)

	Agriculture and Bioresources		Arts and Science		Edwards School of Business		Dentistry		Education		Engineering		CCDE*		Graduate Studies and Research	
Revenues																
University operating budget	\$	10,626	\$	48,258	\$	11,267	\$	5,261	\$	8,296	\$	13,058	\$	3,301	\$	1,012
Grants and contracts																
Government of Canada		9,285		13,397		112		79		2,236		7,832		2		452
Government of Saskatchewan		7,530		2,126		-		138		578		1,481		-		20
Other governments		306		106		-		-		71		15		-		-
Non-government		12,382		5,026		12		90		640		1,730		-		268
Student fees		61		162		635		31		72		7		5,871		136
Gifts, grants and bequests		777		3,635		2,139		189		468		2,678		3		52
Sales of services and products		3,072		442		243		1,533		1,111		606		621		-
(Loss) income from investments		(6,975)		(3,856)		(2,178)		(73)		(363)		(3,201)		(11)		(309)
Real estate income		35		-		-		-		-		-		-		-
Miscellaneous income		1,747		137		35		4		33		60		8		-
		<u>38,846</u>		<u>69,433</u>		<u>12,265</u>		<u>7,252</u>		<u>13,142</u>		<u>24,266</u>		<u>9,798</u>		<u>1,631</u>
Expenses																
Salaries		22,303		50,974		9,684		3,983		8,657		16,909		6,425		835
Employee benefits		2,794		6,113		1,182		499		997		1,998		803		115
Operational supplies and expenses		6,216		23,276		1,929		523		2,245		2,153		2,081		14
Travel		1,674		3,078		460		76		684		936		530		21
Cost of goods sold		67		4		-		596		-		101		1		-
Maintenance, rental and renovations		667		1,013		18		16		78		101		13		-
Utilities		81		44		-		-		-		-		-		-
Amortization		-		-		-		-		-		-		-		-
Scholarships, bursaries and prizes		2,242		6,849		571		1,100		378		2,303		10		670
Interest		-		-		-		-		-		-		-		-
Bad debt expense		2		-		-		-		-		1		-		-
Decommissioning costs (Note 15)		-		-		-		-		-		-		-		-
		<u>36,046</u>		<u>91,351</u>		<u>13,844</u>		<u>6,793</u>		<u>13,039</u>		<u>24,502</u>		<u>9,863</u>		<u>1,655</u>
Net revenues (expenses)		2,800		(21,918)		(1,579)		459		103		(236)		(65)		(24)
Interfund transfers (Note 23)		(10,114)		(791)		(317)		(120)		(77)		(1,193)		(684)		2,788
Net increase (decrease) in fund balances for year	\$	(7,314)	\$	(22,709)	\$	(1,896)	\$	339	\$	26	\$	(1,429)	\$	(749)	\$	2,764

See accompanying notes to consolidated financial statements

*Centre for Continuing and Distance Education

continued on next page

Consolidated Statement of Operations and Changes in Fund Balances by College (continued)

Kinesiology	Law	Library	Medicine	Nursing	Pharmacy and Nutrition	Veterinary Medicine	Other Units	Total
\$ 4,484	\$ 4,513	\$ 14,138	\$ 39,705	\$ 7,607	\$ 4,231	\$ 22,036	\$ (197,795)	\$ -
611	59	23	9,729	1,349	436	4,626	34,202	84,430
224	24	491	47,505	1,152	833	613	382,205	444,920
-	-	-	504	-	-	737	16,119	17,858
633	370	43	15,268	385	634	1,919	11,742	51,142
3,050	141	-	880	110	88	95	79,288	90,627
764	1,553	386	1,863	533	2,317	794	2,375	20,529
1,465	165	55	17,080	34	32	6,940	52,509	85,908
(305)	(2,115)	(587)	(3,383)	(163)	(293)	(1,739)	3,887	(21,664)
62	-	-	85	-	-	-	2,309	2,491
183	(1)	139	303	54	26	11	8,002	10,741
11,171	4,709	14,688	129,539	11,061	8,304	36,032	394,845	786,982
6,483	4,180	8,513	81,549	8,233	4,383	18,986	109,720	363,817
732	500	1,281	7,441	1,083	544	2,423	37,002	65,512
1,799	443	781	20,801	748	842	8,813	8,311	80,975
1,147	197	126	3,077	350	142	623	3,440	16,570
37	-	-	109	-	-	787	20,042	21,744
150	5	131	684	8	33	485	10,077	13,479
-	-	-	58	-	-	68	20,130	20,381
-	-	-	-	-	-	-	55,677	55,677
887	370	1	2,973	245	416	2,021	6,173	27,209
-	-	-	-	-	-	-	5,162	5,162
-	1	-	-	-	1	10	638	653
-	-	-	-	-	-	-	263	263
11,235	5,696	10,833	118,692	10,667	6,361	34,216	276,654	671,447
(64)	(967)	3,855	10,847	394	1,943	1,816	118,191	115,535
12	166	(3,463)	(5,121)	628	(473)	(1,774)	20,533	-
\$ (52)	\$ (821)	\$ 392	\$ 5,726	\$ 1,022	\$ 1,470	\$ 42	\$ 138,724	\$ 115,535

See accompanying notes to consolidated financial statements

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